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The President's Daily Brief

28 June 1973

45

~~*Top Secret*~~ 25X1

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

NATO and Warsaw Pact representatives have agreed on MBFR participation and procedures, but will conclude the preparatory phase without having defined an agenda. *(Page 1)*

The Council of the European Communities has adopted its approach to forthcoming multilateral trade negotiations. *(Page 2)*

[redacted] Northern Ireland. *(Page 3)* 25X1

China [redacted] *(Page 4)* 25X1

President Bordaberry and the military have moved to tighten their control over Uruguay following the dissolution of Congress. *(Page 5)*

In South Vietnam, the Communists have been realigning their main force units north of Saigon. *(Page 6)*

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MBFR

The communiqué at the conclusion of the MBFR preparatory talks today records compromises by both the East and West.

--The West abandoned all references to the term "balanced" in the communiqué, including in the title of the talks. The Soviets read "balanced" to mean a larger reduction of Warsaw Pact than of NATO forces.

--The West gained reluctant Soviet agreement that the talks would consider "associated measures"--constraints on troop movements and activities--in conjunction with reductions.

--The communiqué partially endorsed the cautious, phased approach to the negotiations advocated by the West Germans.

--The communiqué failed to detail a specific agenda; the allies decided they could not win Soviet acceptance of many of the items in the Western proposals. Any direct participant can add relevant questions to the list, however.

The procedural arrangements worked out for the preparatory talks will also govern the negotiations. Eleven of the 19 delegations will participate in the decisions, but all can circulate papers and take part in the discussions. The agreement to disagree on the status of Hungary will be carried over to the negotiations, scheduled to begin in Vienna on October 30.

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EUROPEAN COMMUNITIES

The EC Council this week adopted its approach to the forthcoming multilateral trade negotiations. The EC, hoping to get the US to consider international monetary reform, has said that its position on trade negotiations will take such reform into account. With respect to tariffs, the EC is prepared to negotiate reductions but not general elimination. It has also revived the issue of tariff "harmonization"--a reduction of duties that would hit the US harder than the European countries. Moreover, the EC specifically rejected any attempt to use tariff concessions as a remedy for US balance-of-payments problems.

There are no signs of concessions beneficial to the US in the EC approach to agricultural negotiations; they have said that the principles and mechanisms of the Common Agricultural Policy are not negotiable.

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NORTHERN IRELAND

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CHINA

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URUGUAY

President Bordaberry and the military have moved to prevent criticism of their dissolution of Congress. The right of public assembly without prior authorization has been set aside, and the media have been forbidden to criticize executive actions.

Uruguay's strongest labor confederation has called a general strike to protest the closing of Congress, but there is some disagreement among the leaders as to whether the strike should last 24 hours or indefinitely.

The government reportedly is prepared to grant workers a 50-percent wage increase, which should soften labor's opposition. A school holiday until July 20 has already been declared, to minimize the prospect of student demonstrations.

To make the closing of Congress more palatable, civilians are to have as many seats as the military on the council of state that is to replace the legislature. Real power will clearly rest with the armed forces, however.

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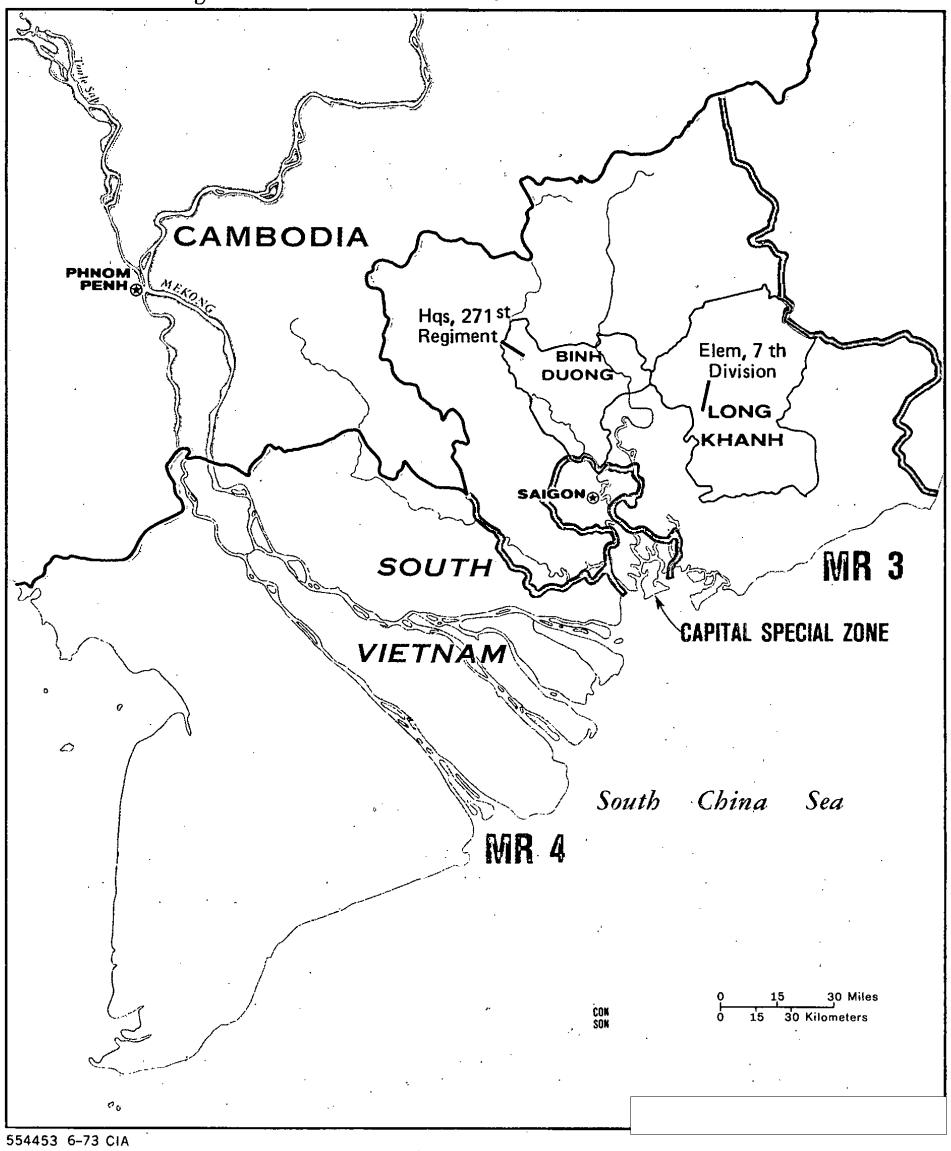
Communists Moving Back Into Former Base Areas



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NOTES

South Vietnam: The Communists have been quietly reasserting their presence in key former base areas in an apparent effort to secure transportation routes and bring their supply system closer to government-held populated areas. They have now further realigned some of their main force units in the provinces north of Saigon, apparently as part of the general dispersal of such units that was first noted last month.

Japan-China: Japan's trade with China is increasing rapidly and should continue to expand as a result of recent sales of whole production plants to Peking. Trade between the two countries reached a new high during the first quarter of this year. Tokyo expects total trade with Peking to reach $1.7 billion this year, compared with $1.1 billion in 1972. Since last December, China has purchased seven complete petrochemical plants from Japan valued at $237 million. Negotiations are now under way for the sale of a $40-million steel mill to China. Delivery of these plants should begin late this year.

Thailand: Rebellious antigovernment university students are planning demonstrations during the next few days designed to discredit the government of Prime Minister Thanom. They have no illusions about bringing down the government, but are determined to proceed even if some of their number are arrested. Thanom has served public notice that he will move forcefully against the students, particularly if they should carry out their long-standing threat to demonstrate against US air bases in Thailand.

India-Pakistan: High-level talks between the two countries, stalled for almost a year, may resume early next month. 25X1 There are no indications that any of the three countries involved has significantly modified its position on the central issues in dispute--the fate of Pakistani prisoners in India, the future of the Biharis, and Pakistani recognition of Bangladesh--and the proposed meeting may be another false start.

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